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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 000951

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TAGS: [PREL](#) [ENRG](#) [ETRD](#) [EINV](#) [EPET](#) [JA](#) [VE](#)

SUBJECT: JAPAN-VENEZUELAN ENERGY MOU'S UNLIKELY TO LEAD TO
BROADER POLITICAL ENGAGEMENT

REF: A. 04/07/09 EMBASSY TOKYO DAILY ACTIVITY REPORT

[1](#)B. TOKYO 0615

[1](#)C. CARACAS 0495

Classified By: Charge d' Affaires, a.i. James P. Zumwalt. Reasons 1.4
(B) (D)

[1](#)1. (C) Summary. Venezuelan President Hugo Chavez's April 5-7 visit to Japan focused on energy trade issues, as officials from both sides signed a series of MOU's designed to facilitate oil and gas exports, according to Foreign Ministry and Tokyo-based Venezuelan Embassy diplomats. A gregarious Chavez dominated the summit with PM Taro Aso, leaving the Japanese leader "charmed," "impressed," and with little opportunity to speak, according to MOFA officials. Our contacts nevertheless concur that, for the time being, Chavez's visit does not portend the establishment of closer political ties between Tokyo and Caracas. End Summary

Chavez Talks ... and Talks

[1](#)2. (C) Chavez opened the visit on April 5 by meeting a handful of Japanese entrepreneurs who operate businesses in Venezuela. The following day, the President gathered with over 70 firms from Japan's Keidanren business association, participated in a three-hour discussion with "Japanese intellectuals" interested in Japan-Venezuelan relations, conducted a two-hour press event with Japanese media, and held a 67-minute discussion with PM Taro Aso. MOFA and METI officials tell Embassy Tokyo that during the Aso meeting, Chavez talked nearly non-stop for approximately 45 minutes. According to MOFA South American Division Principal Deputy Director Akifumi Mizuguchi, Chavez appeared "to be in a good mood," leaving PM Aso with little time for anything but perfunctory responses. The Venezuelan President expounded upon topics such as the recently completed World Baseball Classic, the UN, the United States, North Korea, Cuba, oil,

and "everything." Mizuguchi noted none of the topics were covered in substantive or meaningful detail. Aso nevertheless finished the meeting feeling "charmed" and "impressed" by Chavez, and the "chemistry was good" between the two leaders, Mizuguchi stated.

13. (C) METI International Affairs Director-General Okada, who participated in the summit, told Embassy Tokyo Economic Minister-Counselor that Aso and Chavez discussed a Venezuelan proposal by which Caracas would make a specific amount of oil available to Tokyo (Ref A). The Venezuelans would use the resulting cash receipts to purchase Japanese products. Okada claimed Chavez proposed the arrangement, which is similar to a deal Caracas has with Beijing, because current oil prices are squeezing Venezuela.

MOU's Signed

14. (C) Chavez's arrival followed a March 19-21 visit by Venezuelan Minister of Energy and Petroleum Rafael Ramirez, who signed a memorandum of understanding on energy cooperation with Minister of Economy, Trade, and Industry (METI) Toshihiro Nikai. According to MOFA, negotiators first initialed the document in Caracas in October 2008. Nikai, who had been unable to leave Tokyo because of the domestic political situation, decided to use the Ramirez visit to finalize the deal. Mizuguchi noted Japanese officials

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consider the document to represent an accord "between relevant authorities," rather than a government-to-government agreement.

15. (C) During President Chavez's follow-on April visit, officials from both countries signed additional agreements designed to facilitate energy trade between Tokyo and Caracas. On April 6, Energy Minister Ramirez, acting in his capacity as head of PdVSA (with Chavez looking on) inked an MOU with Japan Oil, Gas, and Metals Exploration Cooperation (JOGMEC). MOFA characterized this second, new Ramirez(PdVSA) document as a "semi-official MOU" between the state-owned Venezuelan company and a Japanese independent administrative agency. The same day, Venezuelan officials signed 12 separate "commercial" documents between PdVSA and various Japanese energy companies, including Mitsui, Mitsubishi, and others. Mizuguchi claimed Japanese authorities had not been involved in the signing of the 12 MOU's, and only learned of the details through the media. However, he described the Ramirez(PdVSA)-JOGMEC document as one which provided a "framework" for the 12 "commercial" agreements.

No Political Implications

16. (C) South America Division Director Masahiro Takasugi stressed, however, that the memoranda signed by the two countries did "not carry any wider political implications." According to Takasugi, who briefly outlined for Embassy Tokyo the purposes of the Chavez and Ramirez visits just prior to their arrivals (Ref B), Tokyo needed to sign agreements which would facilitate the work of private Japanese companies looking for energy resources in the Orinoco River Delta. Japanese authorities originally sought to obtain an umbrella agreement between JOGMEC and PdVSA, but Caracas requested that the umbrella deals include participation by government officials. MOFA South American Division representatives pointed out Aso's meeting with Chavez was the only official gathering which Japan conducted with the President - Tokyo had not been involved in the other activities on the Venezuelan leader's schedule. MOFA did not issue a joint statement at the conclusion of the summit.

Two Achievements

17. (C) Foreign Ministry officials nevertheless pointed to two main achievements from the Chavez visit:

-- Japan and Venezuela agreed to establish a joint working team to explore the possibility of developing heavy oil reserves in the Orinoco Delta. The working team will itself be subdivided into two smaller groups: one sub-group, including MOFA, METI, JOGMEC, and several private companies, will conduct actual exploration activities. A second sub-group composed of METI, JOGMEC, the Japan Bank for International Cooperation (JBIC), and private banks, will examine ways to provide financing for the projects.

-- The two sides created a mechanism for holding dialogue on a regional basis on the business environment in Venezuela. Mizuguchi said Japanese companies operating in the South American country have "serious problems because of the unions" and other issues. Aso asked for Chavez's help in resolving those concerns. Mizuguchi said the regional dialogue will be designed to develop private sector

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partnerships. The start date and frequency of the regional dialogue meetings has yet to be decided.

Venezuela Focused on Energy

18. (C) Consistent with views expressed by the Foreign Ministry, Venezuelan Embassy Consul Bertha Capella asserted that President Chavez had no wider political agenda in visiting Tokyo, and that his primary goal had been to improve the bilateral energy trade relationship. She opined the bilateral economic relationship carried mutual benefits - Tokyo needed additional oil and gas reserves, while Caracas hoped to diversify its energy markets. Noting this was the South American leader's first visit to Tokyo since 1999, Capella said Venezuela hoped to expand its future economic activities in Japan to include projects in the tourism and cultural sector. Caracas had no specific plans for additional visits by Venezuelan government officials to Tokyo. Capella allowed, however, that the 12 "commercial" memoranda signed during Chavez's visit would provide for a host of new activities that would naturally lead to engagement across a wider range of endeavors.

ZUMWALT